

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-09 H-02

INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-14

USIA-12 SIL-01 LAB-06 EB-11 RSR-01 CU-04 IO-12 /143 W

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R 201513 Z MAR 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 7811

INFO AMEMBASSY LONDON

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

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E. O. 11652: N/A

TAGS: ECON, ELAB, SF

SUBJ: SPOTLIGHT ON UK FIRMS AFRICAN WAGE POLICIES

CAPE TOWN ALSO FOR EMBASSY

SUMMARY: BRITISH PRESS (GUARDIAN) SERIES ACCUSING UK FIRMS OF PAYING STARVATION WAGES TO SOME AFRICAN EMPLOYEES HAS RECEIVED WIDE PRESS COVERAGE IN SA. REPORTEDLY, SERIES HAS CREATED MAJOR FUROR IN UK WITH GROWING PRESSURE FROM LABOR PARTY, CHURCHES, STUDENT GROUPS, TRADE UNIONS, ETC. FOR IMPROVEMENTS OR, IN THE EXTREME, ECONOMIC DISENGAGEMENT. SA PRESS REACTION SPLIT WITH ENGLISH- LANGUAGE PRESS APPROVING INCREASED PRESSURE FOR WAGE IMPROVEMENTS AND AFRIKAANS- LANGUAGE BASICALLY DIS- APPROVING, AT LEAST OF PRESS TACTICS. NO REACTION REPORTED AS YET FROM SAG OFFICIALS. END SUMMARY.

1. GUARDIAN SERIES WHICH BEGAN MARCH 12 UNDER HEADLINE " BRITISH FIRMS PAY AFRICANS STARVATION WAGES" HAS RECEIVED WIDE COVERAGE IN SA PRESS. WRITTEN PRIMARILY BY ADAM RAPHAEL, SERIES REPORTEDLY BASED ON SURVEY OF 100 UK FIRMS IN SA OF WHICH ONLY THREE (SHELL, UNILEVER AND ICI) FOUND TO BE PAYING ALL AFRICAN LIMITED OFFICIAL USE

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EMPLOYEES ABOVE " MINIMUM TO AVOID STARVATION" AND SAOME PROMINENT FIRMS FOUND TO BE PAYING ONE- THIRD TO ONE- HALD THIS LEVEL.

ACCORDING EXCERPTS PUBLISHED IN SA, ARTICLE SAYS FIRMS HAVE BEEN HAPPY TO OPERATE UNDER SYSTEM WHICH PERMITS THEM TO DO MINIMUM FOR WORKERS (" WHERE THE ONLY DISCIPLINE IS THE EMPLOYERS' CONSCIENCE") WHILE GUARANTEEING EXCEPTIONALLY LARGE PROFITS. IT NOTES THAT WHILE PUBLICITY, LABOR UNREST AND RECENT DURBAN STRIKES HAVE PRICKED SOME CONSCIENCES, " FOR MANY BRITISH FIRMS, THIS PAINFUL PROCESS HAS YET TO BEGIN" AND STATES THAT EVEN BY SA STANDARDS, AFRICAN WAGES PAID BY SOME UK FIRMS ARE LOW. AMERICAN AND SOME ENLIGHTENED SA FIRMS SEEN CURRENTLY AS MAIN SPUR TO AFRICAN ADVANCEMENT. REPORTEDLY, GUARDIAN PROPOSES SPECAIL DIVIDENDS TAX ON FIRMS NOT PAYING AT LEAST SUBSISTENCE WAGES.

2. AMONG DELINQUENT FIRMS SPECIFICALLY CITED IN SERIES ARE SLATER WALKER SECURITIES, COURTLAND, GENERAL ELECTRIC (GEC), ASSOCIATED PORTLAND CEMENT, TATE AND LYLE, METAL BOX, ROWNTREE-MACKINTOSH (CHARGE SUBSEQUENTLY WITHDRAWN), CHLERIDE ELECTRICAL, ASSOCIATED BRITISH FOODS, AND BRITISH LEYLAND. REACTION OF FIRMS AS REPORTED IN THE PRESS RANGE FROM SHOCKED IGNORANCE TO ANGRY DENIALS. TWO FIRMS (CHLORIDE AND METAL BOX) HAVE ANNOUNCED SPEED- UP IN WAGE INCREASES IRRESPECTIVE OF PROFITS, WHILE SEVERAL OTHER FIRMS PROMISE URGENT INVESTIGATIONS. GEC SPOKESMAN REFUSED TO COMMENT.

3. ACCORDING TO SA PRESS, GUARDIAN SERIES HAS CREATED A MAJOR FUROR IN UK. THOUGH REJECTING LABOR MOTION FOR EMERGENCY DEBATE, HMG REPORTEDLY AGREED THAT INVESTIGATION WOULD BE APPROPRIATE AT LATER DATE. ALSO RELEASED GUIDELINES DRAWN UP BE DEPT. TRADE AND INDUSTRY WHICH POINTS OUT FLEXIBILITY WITHIN SA LAWS AND URGES IMPROVED WAGES AND OTHER CONDITIONS OF EMPLOYMENT FOR AFRICAN WORKERS. CONSIDERABLE ATTENTION FOCUSED ON PROMISED REPORT FROM NEWLY ARRIVED UK AMBASSADOR TO SA COVERING LABOR PRACTICES OF UK FIRMS HERE. (MARCH 20 PRESS CARRIES DENIAL BY HMG THAT SUCH A REPORT REQUESTED.) LABOR PARTY (SAID TO BE STILL PUSHING FOR GOVERNMENT INVESTIGATION), TRADE UNIONS, STUDENTS, CHURCHES ETC. REPORTEDLY EXERTING CONSIDERABLE PRESSURE TO FORCE IMPROVEMENTS OR, AT THE EXTREME, ECONOMIC DISENGAGEMENT.

4. SA PRESS REACTION PREDICTABLY SPLIT BETWEEN ENGLISH AND AFRIKAANS PRESS. ENGLISH- LANGUAGE PRESS APPROVING PRESSURES TO IMPROVE AFRICAN WAGES THOUGH EMPHASIZING BASIC NEED TO IMPROVE LIMITED OFFICIAL USE

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AFRICAN BARGAINING RIGHTS (PRETORIA NEWS), CHIDING UK FIRMS FOR PROFESSED IGNORANCE OF BLACK LABOR CONDITIONS (RAND DAILY MAIL, AND REJECTING IDEA OF ECONOMIC DISENGAGEMENT (JOHANNESBURG STAR). DIE TRANSVALER EDITORIAL ACCUSES GUARDIAN OF MEDDLESOME EFFORT " TO HIT AT" SA, SAYS THAT " PROPER" WAGES A MATTER TO BE SETTLED BETWEEN EMPLOYER AND EMPLOYEE, AND CLAIMS THAT " UNFAIR" WAGE INCREASES WILL ONLY LEAD TO UNEMPLOYMENT. DIE VADERLAND EXPRESSES SUPPORT FOR HIGHER AFRICAN WAGES AND REGRETS

EXPLOITATION POLICY OF SOME EMPLOYERS BUT SEES CURRENT CAMPAIGN AS " POLITICALLY INSPIRED BLACKMAIL" BY " LEFTISTS" WHICH IS " ECONOMIC ONSLAUGHT ON THE POLICY OF SEPARATE DEVELOPMENT."

5. ON MARCH 17, WITS UNIVERSITY STUDENT RESEARCH GROUP BEGAN WHAT THEY DESCRIBED AS FIRST (WHITE' S PORTLAND CEMENT) IN SERIES OF SIT- IN VISITS TO UK FIRMS LISTED IN GUARDIAN SERIES DEMANDING ANSWERS TO QUESTIONNAIRE ON WAGE POLICY.

6. TUCSA SEC GEN GROBBLERLAAR STATED UK FIRMS " NO WORSE THAN AMERICAN, GERMAN OR OTHER FOREIGN FIRMS IN THE WAGES THAT PAY THEIR AFRICAN EMPLOYEES." HE ACCUSED FOREIGN FIRMS OF " SLICK WINDOW DRESSING"" -- CHANNELING EXCESS PROFITS TO CHARITABLE INSTITUTIONS WITH WHICH THE WORKER " NOT REMOTELY IDENTIFIED" RATHER THAN ACTUALLY INCREASING WAGES.

7. PRESS HAS REPORTED NO REACTION AS YET FROM SAG OFFICIALS.

8. COMMENT: IN VIEW OF PUBLICITY GIVEN US EFFORTS TO IMPROVE AFRICAN WAGES AND RECENT FOCUS ON BLACK LABOR UNREST, IT IS SURPRISING TO FIND UK FIRMS SO APPARENTLY UNPREPARED. POSITION OF UK FIRMS MAY BE MORE DIFFICULT THAN IN CASE OF US FIRMS SINCE, ALTHOUGH BRITISH DIRECT INVESTMENT LARGER IN THE AGGREGATE, THERE IS REPORTEDLY A MUCH LARGER PERCENTAGE OF SMALLER AND PERHAPS MARGINAL OPERATIONS. ALSO, LOCAL PARTICIPATION IN BRITISH INVESTMENTS SAID TO BE HIGHER. NEVERTHELESS, IT WOULD SEEM UNLIKELY THAT THEY WILL BE GIVEN ANY RELIEF EITHER FROM THEIR DOMESTIC CRITICS OR, NOW THAT THE ISSUE HAS BEEN RAISED, FROM THEIR AFRICAN LABOR FORCE OR OTHER SA PRESSURE GROUPS.

INTERESTINGLY, SA PRESS HAS RESPONDED MORE TO UK CAMPAING THAN TO EARLIER FOCUS ON US FIRMS, BOTH IN TERMS OF COVERAGE AND EDITORIAL COMMENT. THIS PROBABLY DUE IN LARGE PART TO CURRENT LIMITED OFFICIAL USE

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INCREASED SENSITIVITY TO AND INSECURITY ABOUT AFRICAN LABOR CONDITIONS, FOLLOWING RECENT STRIKES. ALSO, AS REPORTED HERE, GUARDIAN ARTICLES APPEAR MORE SENSATIONAL AND POPULAR RESPONSE MORE IMMEDIATE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 07 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: worrelsw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PRETOR00889
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730348/abqcegrp.tel
Line Count: 156
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: worrelsw
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Jul-2001 by izenbei0>; APPROVED <24-Aug-2001 by worrelsw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971215
Subject: SPOTLIGHT ON UK FIRMS AFRICAN WAGE POLICIES
TAGS: ECON, ELAB, SF
To: STATE INFO LONDON
CAPE TOWN
DURBAN
JOHANNESBURG
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005